GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:779
ANSWERED ON:21.11.2016
Gas Based Economy
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the concrete steps taken by the Government to make India a gas based economy and its likely impact on petroleum and natural gas production along with its prices; and
(b) the amount of expenditure likely to be incurred by the Government thereon?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DHARMENDRA PRADHAN)
(a): Natural gas is one of the cleanest and most environment friendly fuels having extremely low Carbon Dioxide emissions compared to other fuels like coal and oil. The Government has taken the following steps to make India a gas based economy:
i. Development of Gas Sources either through Domestic gas Exploration & Production activities or through building up facilities to import natural gas in the form of LNG,
ii. Development of Gas Pipeline Infrastructure and Secondary distribution network.
iii. Development of gas consuming markets like Fertilizer, Power, Transport and Industries etc.
Fertilizer and Power Sectors are the major gas consumers in Indian gas market. They consume about 60% of total gas consumption at country level in FY 2015-16. In order to develop the gas consuming market, Government has implemented Fertilizer Gas Pooling Scheme which has encouraged the utilization of installed Fertilizer Units in the country.
On the Power Sector, Government has come up with a scheme to make operational the stranded gas based power plants on R-LNG. It has helped in reviving Stranded Power plants of around 16,000 MW capacity and saved them from becoming NPA. LNG consumption in Power sector has increased from the level of 3 MMSCMD during April-2015 (prior to Pooling) to a maximum level of 11.47 MMSCMD during March-2016.
Further, the Government has taken several steps to enhance domestic natural gas production through several policy initiatives such as:
(i) Policy to grant relaxation, extension, and clarifications at development and production stage for early monetization of hydrocarbon discoveries
(ii) Marginal Field Policy- Discovered Small Field Policy
(iii) Uniform Licensing Policy-Hydrocarbon Exploration and Licensing Policy
(iv) Policy for Grant of Extension to small and medium sized discovered fields
(v) Policy for Marketing Freedom for Gas Produced from Deepwater and Ultra Deepwater areas etc.; and
(vi) Policy on testing requirements for discoveries made under New Exploration and Licensing Policy (NELP) Blocks.
To incentivize gas production from difficult areas, Government has granted marketing, including pricing, freedom for the gas produced from difficult areas. Marketing freedom has also been provided under Discovered Small Field bidding round as well as under Hydrocarbon Exploration and Licensing Policy (HELP) under which acreages will be provided in future.
The implementation of these policy initiatives and other reform initiatives is expected to enhance domestic natural gas production from the fields.
(b): The Government normally does not provide any financial support for laying pipeline infrastructure. However, Government has taken a decision to provide a capital grant of Rs. 5176 crore (i.e. 40% of the estimated capital cost of Rs.12,940 Crore) to GAIL for development of a 2539 Km long Jagdishpur-Haldia/Bokaro-Dhamra Gas Pipeline (JHBDPL) project to connect Eastern part of the country with National Gas Grid.
During the financial year 2015-2016, the CPSEs have incurred an approximate amount of Rs. 2962 crore on natural gas and other petroleum products pipeline infrastructure development.
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